

**MINUTES OF THE
BUSINESS AND LABOR INTERIM COMMITTEE**

Wednesday, September 15, 2010 – 2:00 p.m. – Room 210 Senate Building

Members Present:

Sen. John L. Valentine, Senate Chair
Rep. James A. Dunnigan, House Chair
Sen. Gene Davis
Sen. Karen Mayne
Sen. Wayne L. Niederhauser
Rep. Jackie Biskupski
Rep. Jack R. Draxler
Rep. Susan Duckworth
Rep. Gage Froerer
Rep. Francis D. Gibson
Rep. Stephen G. Handy
Rep. Neil A. Hansen
Rep. Brian S. King
Rep. Todd E. Kiser

Rep. Steven R. Mascaro
Rep. Michael T. Morley
Rep. C. Brent Wallis

Members Absent:

Sen. Daniel R. Liljenquist
Rep. David Litvack
Rep. Patrick Painter

Staff Present:

Mr. Bryant R. Howe, Assistant Director
Ms. Patricia Owen, Associate General Counsel
Ms. Amanda K. Majers, Legislative Secretary

Note: A list of others present, a copy of related materials, and an audio recording of the meeting can be found at www.le.utah.gov.

1. Committee Business

Chair Valentine called the meeting to order at 3:01 p.m.

MOTION: Rep. Duckworth moved to approve the minutes of the June 23, 2010 meeting. The motion passed unanimously, with Rep. Gibson and Rep. Mascaro absent for the vote.

Mr. Howe distributed and discussed "Business and Labor Interim Committee 2010 Required Reports from Executive Branch Agencies." He also referred the Committee to a Utah Department of Health written report on implementation of the Patient Protection and Affordable Care Act that was distributed at the meeting.

2. Sunset Review - Utah Uniform Securities Act

Mr. Howe discussed "Overview: Legislative Oversight and Sunset Act," which was distributed to the Committee prior to the meeting. He discussed the options available to the Committee concerning the sunset review of the Utah Uniform Securities Act.

Mr. Keith Woodwell, Director, Utah Division of Securities, discussed "Department of Commerce Correspondence (August 12, 2010)," which was distributed to the Committee prior to the meeting. He discussed the public purpose of the Utah Uniform Securities Act, the division's implementation of recommendations from a previous audit, and the necessity of continuing securities regulation.

Ms. Laura Polachek, member, Securities Commission, requested that the Utah Uniform Securities Act be removed from the Sunset Act.

Mr. Michael O'Brian, Chair, Securities Commission, recommended that the Utah Uniform Securities Act be reauthorized for ten years or be removed from the Sunset Act.

MOTION: Rep. Morley moved to remove Title 61, Chapter 1, Utah Uniform Securities Act, from the Sunset Act. The motion passed unanimously, with Rep. Gibson and Rep. Mascaro absent for the vote.

Sen. Benjamin M. McAdams discussed securities fraud occurring in the state and informed the Committee that he was considering pursuing legislation for which he wanted the Committee's input. The proposals to protect investors from fraud include providing compensation for reporting material information of fraud to the Division of Securities, enhancing penalties for certain types of securities fraud, and training investigators and utilizing private enforcement for Medicaid fraud. Sen. McAdams answered questions from the Committee.

3. Progress Report - Working Group on Worker Classification - Sen. Mayne

Sen. Mayne reported on the progress of the worker classification working group. She stated one proposal under consideration is to form a council to coordinate enforcement related to worker classification. Sen. Mayne informed the Committee that she will bring legislation for the Committee's consideration at a future meeting.

Ms. Francine Giani, Executive Director, Department of Commerce, proposed a possible legislative option related to the worker classification issue.

4. Alcoholic Beverage Control Act Modifications

Ms. Owen discussed 2011 General Session draft legislation, "Alcoholic Beverage Control Act - Modifications" (2011FL-0078/003), which was distributed to the Committee prior to the meeting.

Sen. Niederhauser distributed and discussed "Alcoholic Beverage Control Act - Modifications" Interim Committee Amendments (August 26, 2010, 4:39 p.m.), which, if adopted by the Committee, would change the word "package" to "container" and clarify the definition of "container" in the Alcoholic Beverage Control Act.

MOTION: Sen. Niederhauser moved to amend 2011 General Session draft legislation, "Alcoholic Beverage Control Act - Modifications" (2011FL-0078/003) to include the "Alcoholic Beverage Control Act - Modifications" Interim Committee Amendments (August 26, 2010, 4:39 p.m.). The motion passed unanimously, with Rep. Gibson, Rep. Mascaro, and Rep. Morley absent for the vote.

MOTION: Sen. Davis moved to adopt 2011 General Session draft legislation, "Alcoholic Beverage Control Act - Modifications" (2011FL-0078/003), with the amendments as a committee bill. The motion passed unanimously, with Rep. Gibson, Rep. Mascaro, and Rep. Morley absent for the vote.

5. Limited Liability Companies, Partnerships, and Corporations

A. Recommendations of Proposed Uniform Acts of the National Conference of Commissioners on Uniform State Laws

Sen. Lyle W. Hillyard gave a brief history of business organizations. He also discussed the National Conference of Commissioners on Uniform State Laws and a proposed uniform law concerning limited liability companies.

Mr. Paul Allred, Deputy Commissioner, Department of Financial Institutions, discussed the need to make changes to Title 7, Financial Institutions Act, to coordinate with any changes to the limited liability statutes.

Ms. Laurie S. Hart, attorney, Callister, Nebeker, & McCullough, stated that the word "corporation" in the merger and corporation statutes raises uncertainty as to whether corporations can merge with any entity or only with other corporations. She recommended the Committee amend the current Business Corporation Act to clarify that corporations are allowed to merge with any entity.

B. Shareholder Action Without Meeting

Sen. McAdams discussed 2011 General Session draft legislation, "Shareholder Action Without Meeting" (2011FL-0038/004), which was distributed to the Committee prior to the meeting.

Mr. Samuel P. Gardiner, attorney, Dorsey & Whitney LLP, spoke in favor of the draft legislation. Mr. Gardiner explained that current Utah statutes require shareholders, when taking an action by written consent that is not signed by all shareholders, to give ten days' notice of an action before the action may take effect. He stated that this provision is harmful to companies and the draft legislation would require only prompt notice be given.

Sen. McAdams and Mr. Gardiner answered questions from the Committee.

6. Other Items / Adjourn

MOTION: Sen. Davis moved to adjourn the meeting. The motion passed unanimously, with Rep. Gibson, Rep. Hansen, Rep. Mascaro, and Rep. Morley absent for the vote.

Chair Valentine adjourned the meeting at 4:38 p.m.